

Principles of Governance

The Municipalities' Expectations of Providers of Banking Services

The municipal council is responsible for the municipality's finances. This is a considerable responsibility, and it is vital for the municipal council that finances are properly managed and that citizens, businesses and other partners have confidence in the management of the municipality's finances. The same applies in respect of suppliers - including banks - who support the municipality in the implementation of its tasks, including the task of managing the municipality's finances.

The municipal council therefore expects suppliers working for the municipality on the implementation of these tasks to follow clear ethical guidelines in both word and action, and assume a social responsibility. This also applies to cooperation with the municipality's bank.

There are eight principles of governance that express the municipalities' specific expectations of banks providing financial services to the municipalities.

1. WE EXPECT OUR BANK TO SHOW SOCIAL RESPONSIBILITY AND CONDUCT ITSELF IN AN ETHICALLY CORRECT MANNER

As a municipality, we expect our bank to show social responsibility and conduct itself in an ethical manner in both word and action. We also expect our bank to give priority, at all times, to the combating of money laundering and other financial crime rather than to profit.

We expect that the bank's opportunities to make profit must at times give way to a cautious approach to risks, the extent or complexity of which the bank is unaware. This requires the bank to focus on taking on only customer and product-related risks and geographical risks, which the bank is able to foresee. This also applies to the development of new products and changes to the customer's portfolio or geographical presence.

We expect the bank's money laundering policy and other policies to reflect this prioritising and the precautions the bank has taken in this respect.

2. WE EXPECT OUR BANK TO HAVE A HEALTHY CORPORATE CULTURE

As a municipality, we expect our bank to have a healthy corporate culture. A healthy corporate culture is not just about complying with the rules in force, but also about being aware of and respecting the intentions behind the rules and making them a part of the compliance.

We expect that the bank clarifies what is meant by a healthy corporate culture, and that all parts of the organisation work to promote and support such a culture, among other things by being open about errors and problems, and how these are managed in the organisation.

We also expect the management to provide clear information about the specific measures taken to ensure a healthy corporate culture in the bank.

3. WE EXPECT THE MANAGEMENT TO TAKE THE LEAD IN COMPLIANCE WITH THE BANK'S VALUES ("TONE AT THE TOP")

As a municipality, we expect that the bank's values are realised in practice. This requires that the management is visible and upholds these values themselves. "Tone at the top" ensures that the bank's values are filtered down to the staff.

We expect the bank's management to emphasise at all times the necessity of realising the bank's values in practice - and to signal, demonstrate and communicate this explicitly at every appropriate opportunity, for example, at annual general meetings, in annual reports, at major internal events and in public announcements.

4. WE EXPECT OUR BANK TO ACT PROACTIVELY AND OPENLY

As a municipality, we expect our bank to act proactively and openly.

We expect the bank to show due diligence and keep the municipality regularly informed of any problematic cases that have arisen - or may arise. This also applies in respect of affiliated companies.

This information shall comply with the rules governing confidentiality by which the bank may be bound.

5. WE EXPECT THAT THE FOCUS ON COMPLIANCE MAKES AN IMPACT IN THE ORGANISATION

As a municipality, we expect compliance (with the rules) to be an active and fundamental part of our bank's raison d'être, also in relation to the bank's partners. Compliance in this context means that the bank ensures compliance with both the wording of and the intentions behind the legislation, among other things, by establishing processes to support this. We therefore expect the bank's management to actively support a culture where it is appealing to strive towards compliance with the rules on an equal footing with other high-profile areas of responsibility in the bank.

We expect that the bank's organisation will enable compliance roles to implement their tasks with a high degree of integrity and under the close surveillance of the management. We expect the bank to ensure that the requisite resources are allocated to support the compliance effort, including to skills development of both the management and employees.

We expect the bank to ensure sufficient management controls which are able to provide the management with independent information about the problems the bank is facing, to enable the management to act with due diligence.

6. WE EXPECT OUR BANK TO USE THE LATEST AND MOST EFFECTIVE TOOLS FOR COMBATING MONEY LAUNDERING

As a municipality, we expect our bank to make use of the opportunities provided by digitalisation, new technology, etc., to combat financial crime effectively.

If the bank has cross-border operations, we also expect it to keep up-to-date with the methods of combating money laundering that meet international standards.

7. WE EXPECT OUR BANK TO COOPERATE ACROSS THE FINANCIAL SECTOR AND ACROSS INTERNATIONAL BORDERS

We expect our bank to participate in and actively contribute to partnerships in the financial sector that aim to combat money laundering. For banks that have cross-border operations, we expect that the cooperation will also extend beyond the country's borders, in recognition of the fact that the financial sector and problems of money laundering are global.

8. WE EXPECT OUR BANK TO COOPERATE ACTIVELY WITH THE AUTHORITIES

We expect our bank to cooperate at all times with the authorities and assist them by clarifying anything that may be of significance to the work of the authorities.